



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 09–19, Indiana County Income Tax Withholding

Date: March 5, 2009

To: Holders of TAXES (State of Indiana only)
Personnel User Groups
T&A Contact Points in Indiana

Beginning with wages paid for Pay Period 10, the National Finance Center (NFC) will make the following change to Indiana county income tax withholdings:

- Marion County, Indiana, will decrease the withholding rate from 1.65 percent to 1.62 percent for residents and from .412 percent to .405 percent for nonresidents.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click the **Publications tab**. Then on the right-hand Quick Picks menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504–255–4630**.

JOHN S. WHITE, Acting Director
Government Employees Services Division

Indiana County Income Tax Information

Acceptable Exemption Form: IN WH-4

Acceptable Exemption Data: A-Z, 0 / Number of Dependents

Special Coding: Determine the Total Number of Exemptions field as follows:
First Digit – Enter the alpha (A–Z) to represent the number of additional exemptions claimed. (A=1, B=2, C=3, etc., up to Z=26). Otherwise, enter 0 (zero).
Second and Third Digits – Enter the number of exemptions claimed. (If less than 10, precede with a zero.)

Additional Information: None

Withholding Formula ►(Effective Pay Period 10, 2009)◄

1. Subtract the nontaxable biweekly Federal Employees Health Benefits payment from the gross biweekly wages.
2. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages to obtain the adjusted gross biweekly wages.
3. Multiply the adjusted gross biweekly wages times 26 to obtain the annual wages.
4. Determine the exemption allowance by applying the following guideline and subtract this amount from the result of step 3.

$$\text{Exemption Allowance} = \$1,000 \times \text{Number of Exemptions}^1$$

¹ Number of exemptions claimed for self, spouse, over age 65, blindness, and dependents.

5. Determine the additional allowance by applying the following guideline and subtract this amount from the result of step 4 to compute the taxable income.

$$\text{Additional Allowance} = \$1,500 \times \text{Number of Additional Exemptions}^2$$

² Number of additional exemptions claimed for certain qualifying dependents.

6. Apply the taxable income to the following guideline to determine the annual Indiana county income tax withholding.

Compute the County Income Tax Withholding For:

By Multiplying the Gross Annual Wages By:

	Resident Percentage	Nonresident Percentage	State/County Code
Allen	1.00	0.550	18/003
Clay ³	1.25	0.250	18/021
Grant	1.25	0.500	18/053
Greene ³	1.00	0.250	18/055
Marion	►1.62	0.405◄	18/097
Martin	1.00	0.400	18/101
Miami	2.54	0.965	18/103

Tippecanoe	1.10	0.650	18/157
Vanderburgh	1.00	0.250	18/163

³ *Voluntary County Tax Status*

7. Divide the annual Indiana county income tax withholding by 26 to obtain the biweekly Indiana county income tax withholding.